

Washington State Auditor's Office
Audit Report

Thurston Conservation District
Thurston County

Audit Period
January 1, 2000 through December 31, 2000

Report No. 62684

Issue Date
October 5, 2001



Washington _____
State Auditor

Brian Sonntag

Audit Summary

**Thurston Conservation District
Thurston County
January 1, 2000 through December 31, 2000**

ABOUT THE AUDIT

This report contains the results of our annual independent audit of the Thurston Conservation District for the period January 1, 2000, through December 31, 2000.

Audit procedures were performed to determine whether the District complied with state laws and regulations, its own policies and procedures, and state grant requirements. We also audited the financial statements and evaluated the internal controls established by District management. Our audit work focused on areas with a potential risk for abuse or misuse of public resources.

RESULTS

The District complied with state laws and regulations, its own policies and procedures, and state grant requirements in the areas we examined. We found the District's financial statements to be accurate and complete.

Table of Contents

**Thurston Conservation District
Thurston County
January 1, 2000 through December 31, 2000**

Description of the District	1
Audit Areas Examined	2
Audit Overview	3
Status of Prior Audit Findings.....	4
Independent Auditor's Report on Compliance with State Laws and Regulations	5
Independent Auditor's Report on Financial Statements	6
Financial Statements	8

Description of the District

Thurston Conservation District Thurston County January 1, 2000 through December 31, 2000

ABOUT THE DISTRICT

The Thurston Conservation District was created in 1948 to promote conservation services and education to residents of Thurston County and is one of 48 conservation districts in the state. A Board of five Supervisors, three of whom are elected and two of whom are appointed by the Washington State Conservation Commission, administers the District. The District works closely with and relies upon assistance from the Commission.

The Commission provides the District assistance in obtaining and administering grants, program and field staff to assist in conservation projects, and helps the District coordinate its efforts with other local, state and federal agencies.

The District receives approximately one-half of its funding from a \$5 per parcel assessment that is levied on all properties in Thurston County. The other half of its funding is from grant awards for various types of conservation projects. Revenues for 2000 were approximately \$1,596,000. The District has 12 employees.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Supervisors:
Vice Chair

Doug Rushton
Peter Moulton
Fred Colvin

APPOINTED OFFICIALS

Board of Supervisors:
Chair

Jackie Reid
Harry Peterson

ADDRESS

District

2400 Bristol Court Southwest #100
Olympia, WA 98502-6004
(360) 754-3588

Audit Areas Examined

Thurston Conservation District Thurston County January 1, 2000 through December 31, 2000

In keeping with general auditing practices, we do not examine every portion of the Thurston Conservation District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Contracts and agreements
- State grants
- Competitive bidding requirements

INTERNAL CONTROL

We evaluated the following areas of the District's internal control structure:

- Cash receipting
- Cash disbursements
- Payroll
- Time reporting for state grants

FINANCIAL AREAS

In addition to the financial-related work listed in other categories, we audited the following areas:

- Expenditures including payroll costs and vendor payments
- Overall presentation of financial statements
- Cash and investments
- Subsequent events
- Going concern

Audit Overview

Thurston Conservation District Thurston County January 1, 2000 through December 31, 2000

AUDIT HISTORY

The prior audit of the Thurston Conservation District contained two findings. The first finding related to compliance with state grants and the other related to the District's lack of controls over disbursements. No findings were reported in the current audit.

Management was responsive to prior audit recommendations and all prior audit concerns have been addressed and resolved.

CONCLUSIONS

In the areas examined, we found the District complied with state laws and regulations, its own policies and procedures, and requirements of state financial assistance. We also found the District's financial statements to be accurate and complete.

We thank District officials and personnel for their assistance and cooperation throughout the audit.

Status of Prior Audit Findings

Thurston Conservation District Thurston County January 1, 2000 through December 31, 2000

The status of findings contained in prior audit reports of the Thurston Conservation District is provided below:

Findings this audit: 0
Findings last audit: 2
Number of repeat findings: 0

1. **State grants were charged for work that was not performed.**

Background

The District did not keep records in accordance with grant requirements and did not have an adequate system in place for billing grants or monitoring grant budgets. District management directed staff to record inaccurate time and effort activity on timesheets and overhead costs were double charged to grants.

Status

This finding has been adequately resolved. Subsequent to the finding, the District has established and followed procedures to ensure that actual time and expenditures are charged to applicable grants. We will review the new procedures during subsequent audits.

2. **The District does not have adequate internal controls over disbursements to sufficiently prevent or detect unallowable expenditures or misappropriation of public assets.**

Background

The District did not have policies or procedures outlining the approval process for all expenditures. Disbursements lacked supporting documentation, questionable meal expenditures were noted and the District had been awarding a \$1,000 annual college scholarship.

Status

This finding has been adequately resolved. Subsequent to the finding, the District established and followed procedures to ensure that disbursements are allowable expenditures of the District. We will review the new procedures during subsequent audits.

Independent Auditor's Report on Compliance with State Laws and Regulations

Thurston Conservation District Thurston County January 1, 2000 through December 31, 2000

Board of Supervisors
Thurston Conservation District
Olympia, Washington

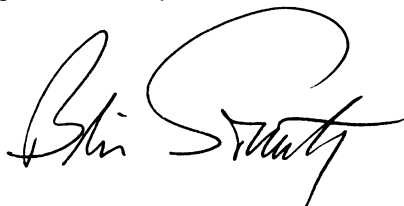
We have audited the financial statements of the Thurston Conservation District, Thurston County, Washington, as of and for the year ended December 31, 2000, and have issued our report thereon dated August 16, 2001.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the District's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the District complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



BRIAN SONNTAG, CGFM
STATE AUDITOR

August 16, 2001

Independent Auditor's Report on Financial Statements

Thurston Conservation District Thurston County January 1, 2000 through December 31, 2000

Board of Supervisors
Thurston Conservation District
Olympia, Washington

We have audited the accompanying financial statements of the Thurston Conservation District, Thurston County, Washington, for the year ended December 31, 2000. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

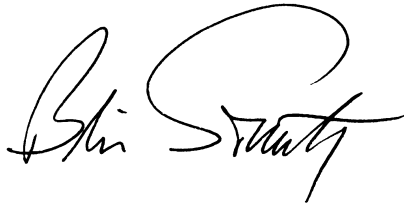
As described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Thurston Conservation District for the year ended December 31, 2000, on the cash basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2001, on our consideration of the District's compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis. The accompanying Schedule of State and Local Financial Assistance is also presented for purposes of additional analysis. These schedules are not a required part of the financial statements. Such

information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large loop at the end of the last name.

BRIAN SONNTAG, CGFM
STATE AUDITOR

August 16, 2001

Financial Statements

**Thurston Conservation District
Thurston County
January 1, 2000 through December 31, 2000**

FINANCIAL STATEMENTS

Revenues and Expenses Arising from Cash Transactions – 2000
Notes to Financial Statements – 2000

ADDITIONAL INFORMATION

Schedule of State and Local Financial Assistance – 2000
Schedule of Expenditures of Federal Awards – 2000